

Census and Economic Information Center

Volume 1, Issue 1, Winter 2004

Montana Department of Commerce

RECENTLY RELEASED

- [County Business Patterns: 2002](#)
- [Gross State Product: 2002](#)
- [Nonemployer Statistics: 2002](#)
- [Special Tabulation on Aging: Census 2000](#)
- [State, County, & School District Income & Poverty Estimates: 2001 & 2002](#)

UPCOMING RELEASES

- Population Estimate for Montana: 2004 (end of December)
- State Personal Income, 3rd Q 2004 (December 21)

CEIC WEB SITE

Visit CEIC's [What's New](#) web page for all the updates

- Census of Agriculture for Montana Indian Reservations: 2002
- What Census Data Can Tell You About Your Community
- Revised Data Maps web page
- Business Establishments by County: Data Maps



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Turning Data Into Knowledge

Pam Harris, Bureau Chief

Welcome to the inaugural issue of the Census and Economic Information Center's (CEIC) Newsletter. Since 1978 our mission has been to assist Montana businesses, state and local governments, and citizens to use public data in research, economic development, grant writing, public policy analysis, and community based decisions. Census 2000 was the first decennial census to be fully released on the Internet, bringing us a democratization of these data as never seen before. With this newsletter we hope to build on this idea of "open government" and further disseminate this crucial information, as well as provide examples of how census and economic data are used by people here in Montana. Over the past 26 years the methods of data delivery have changed, but our mission remains the same. We're here to help you turn data into knowledge. ■

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"Not everything that can be counted counts, and not everything that counts can be counted."

Albert Einstein

What the Numbers Say

Is Montana a Small Business State?

With another election season now over, the one thing all candidates agreed upon was the importance of small businesses in Montana. The celebration of the entrepreneur and a nostalgic feeling toward the Mom and Pop business on Main Street plays a strong role in America's ethos; but is all this special attention warranted? The numbers seem to indicate it is. According to two key annual data sets from the U.S. Census Bureau, businesses employing four people or less make up 88 percent of the total private establishments in Montana. The *County Business Patterns* provides details for all private establishments with a payroll of at least one person; and the *Nonemployer Statistics* details individual businesses without paid employees, most often just one person or a couple of partners. This latter series is a valuable tool in analyzing just how many entrepreneurs there are in this state and what they mean to our economy. These *nonemployer* (continued on page 4)

Economic News

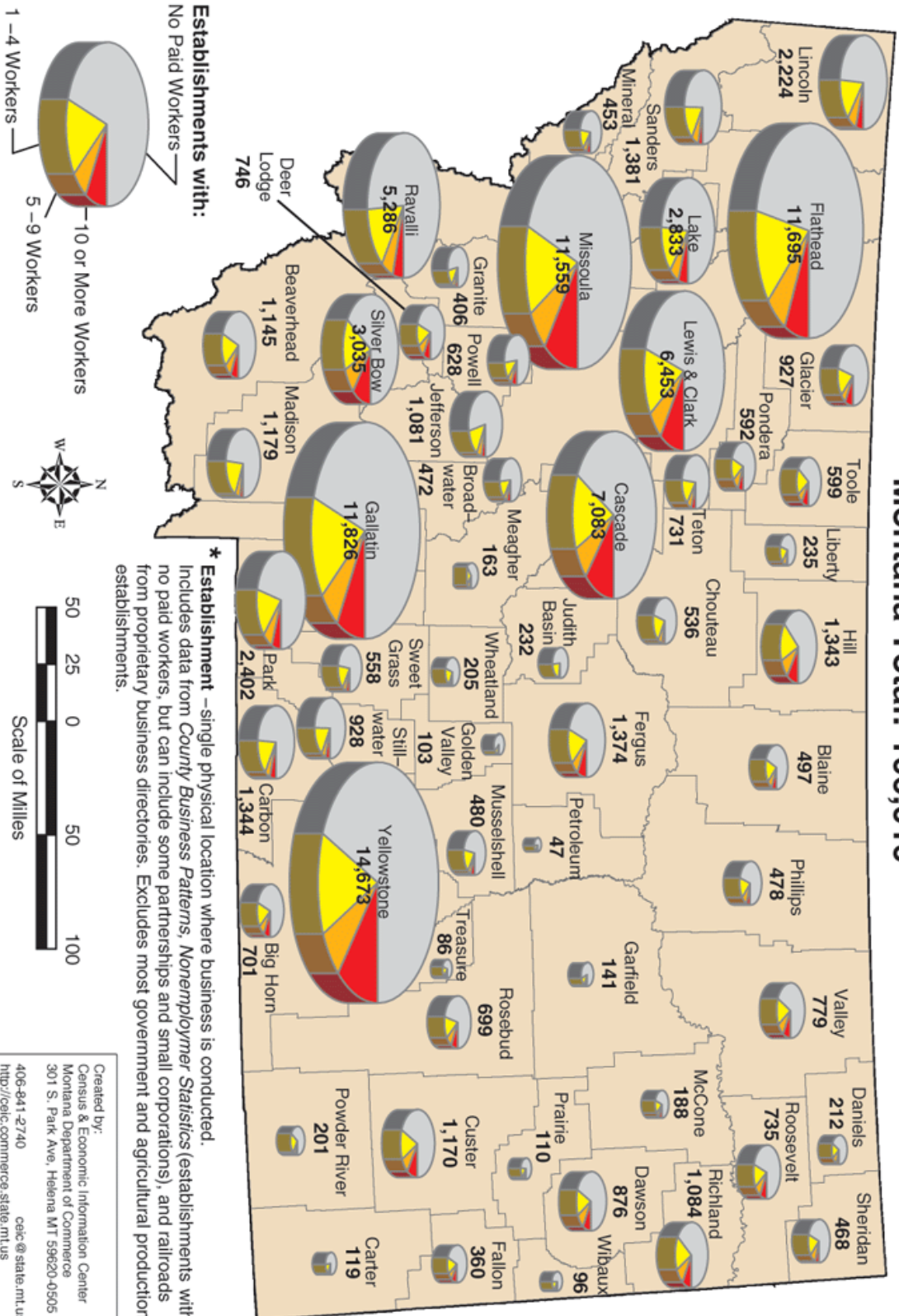
Economic Census

Susan Ockert, Economist

As the national and state economies evolve, comprehensive data are needed to understand the transformation and to determine how to adapt to these changes. Since 1810, the U.S. Census Bureau has been collecting data from businesses concerning their physical location, sales, receipts and revenue, employment and payroll and much more.

Using Economic Census data, as well as other economic data, business analysts can determine their market share, compare industry-operating ratios, target industries for marketing, and plan for expansion. Economic development organizations can use Economic Census data to attract new businesses to their area and determine the needs of their local companies. Policy makers can use the data to determine the effectiveness of minority contracts, trade policies, and job retraining. On the national level, Economic Census data are used in the calculation of the (continued on page 4)

Montana: Number of Private Business Establishments*, 2002 Montana Total: 106,016



Sources: U.S. Census Bureau, *County Business Patterns*, *Nonemployer Statistics*; U.S. Bureau of Economic Analysis, *Regional Economic Information System*; proprietary business directories. Nov 2004, PrivateEst02.mxd

American Community Survey

Andrew Geiger, Research Specialist

Census History

To most people, the word census conjures up the process every ten years in which official forms arrive in the mail and a small army of seasonal enumerators comb through neighborhoods to make sure every person is counted. In a country of almost 291 million--and counting--this is certainly no small task, and the modern operation is a far cry from the first national census completed shortly after George Washington was sworn in as President. Back then we were mainly concerned with appropriating the number of congressional seats per state, as well as counting the number of free white males above the age of 16, (this latter count for the purpose of determining the forces available for military service). For the newly independent United States this type of focus was understandable, but as the country grew the census expanded to cover areas beyond political representation and readiness for war, capturing vital information on America's expanding agricultural and mining strength, the industrial revolution, and the influx of more diverse immigration patterns.

The decennial census, as most people have come to know it, is about to change forever.

Modern Times

As the social and statistical sciences were refined during the middle part of the last century, the U.S. Census Bureau began a shift towards modernity through the use of sampling, allowing for the collection of a wider variety of demographic information with less intrusion into citizen's lives. The "short form" of the decennial census is intended to make a hard count of every U.S. resident to capture the population total, gender, race, and relationships within the household; whereas the "long form" samples a smaller percentage of the population, adding a wide variety of demographic, economic and housing-related questions. While the national sample shows that about one in six households will receive the more detailed form, in order for the process to be statistically valid smaller communities need to be sampled at a higher level.

Montana is a case study for this statistical dilemma. According to Census 2000, 172 local communities in Montana, either incorporated towns or census designated places, are small enough in population to mandate the highest sample rate, (50 percent). While it is quite feasible to live to a ripe old age in New York City without ever receiving the long form questionnaire, if you are a resident of Box Elder,

Hobson, or St. Regis, chances are you are familiar with this document. Since the compilation of this sample information is used to determine everything from the distribution of federal resources to the concentration of local efforts on such things as transportation planning, emergency services, and community-based decisions, it can be fairly said that Montanans have more than paid their dues in contributing to this rich stream of national information.

Enter the American Community Survey

As successful as this process has been, many data users express frustration toward the end of each decade as the sample data can at times start to feel a bit dated. The Census Bureau's Estimates Program is useful for many types of population and economic data; but savvy data users who know their local community sometimes see a gap between the conditions they see on the ground and data that are eight or nine years old. If all goes according to plan, this is about to change. The American Community Survey (ACS) is a new nationwide survey designed to replace the long form of the traditional decennial census by 2010. The new goal is to sample these long form questions every year, and to keep a rolling statistical sample that will show an up to date snapshot of conditions within local communities. The Bureau is in the process of unveiling this new program on a limited basis to ensure it is ready for nation-wide use by the end of the decade. As the Montana State Data Center working in coordination with the U.S. Census Bureau, we see ACS as a major paradigm shift in the way data are both collected and disseminated.

Jerry O'Donnell, the Public Information Officer for the U.S. Census Bureau's Denver region, in a recent presentation in Missoula, described the unique challenges and opportunities for Montana. He noted that while the nationwide focus currently remains on geographic areas with larger populations, Flathead and Lake Counties have been included from the very beginning of the ACS testing phase.

(continued page 4)



American Community Survey *Continued*

He also explained how ACS sampling will be done in Montana, emphasizing the sample size for Montana's smaller cities and places will be 50%, a much larger percentage than in states with higher populations. "This will be an exciting opportunity for Montana's smaller communities as well as the larger urban areas," Mr. O'Donnell said.

As with any major initiative of this proportion, there are challenges and problems that still need to be overcome. Recent funding decisions by Congress have proved critical to ACS going forward on schedule. In addition, Bureau statisticians are busy ensuring any full survey will be statistically valid. While they are confident this can be achieved, and have preliminary data that is indeed encouraging; it is worth noting the cooperation this will require at the citizen's level. Since ACS will be a yearly survey, the 50 percent sample rate will require people in small communities to be contacted every couple of years. It is not a leap to say the public probably does not see this coming, and we can anticipate a certain level of negative reaction to this type of almost yearly contact by a federal agency.

For data users, however, there are no such reservations. The idea of yearly detailed demographic information, and the easy availability to any and all users through the Internet, truly represents a democratization of the core public data in use within our country. While 2010 still seems distant, it is not too early to begin thinking about how this will change the way you do business with census information. ■



What the Numbers Say *Continued from page 1*

consultants, carpenters, and caterers all add up to an army of over 71,000 establishments statewide. "These statistics point to the need to help new and existing small business owners succeed," says Ann Desch, Director of the Small Business Development Center in the Montana Department of Commerce. "Very small businesses contribute significantly to Montana's economy." (See Data Map on page 2) ■



Economic News *Continued from page 1*

Gross Domestic Product (GDP), the broad measure of economic activity in an economy, and in benchmarking productivity gains or losses.

The Economic Census will also play an important role in the ongoing debate on the merits of a statewide sales tax. Policy makers will ultimately make the decision, but analysts in the Montana Department of Revenue Tax Policy and Research Unit (TPR) say these data are invaluable to developing revenue models for any proposed tax legislation. The Montana Legislative Fiscal Division staff have used the Economic Census in past sessions to provide data for lawmakers on specialized tax proposals, and staff anticipates requests from legislators relating to consumption type tax ideas. Phil Brooks, Chief Economist at the Montana Department of Labor and Industry, emphasizes the critical nature of this data release. "States that have a generalized sales tax can look at sales figures from their internal revenue collection, but in Montana the Economic Census provides the only outlook for this crucial information."

The Economic Census is conducted every 5 years in years ending in 2 and 7. Nationwide, the 2002 data are available now while state, county, place and zip code statistics will be released throughout 2005 and 2006. For more information, visit the U.S. Census Bureau's Economic Census web site at <http://www.census.gov/econ/census02> ■

